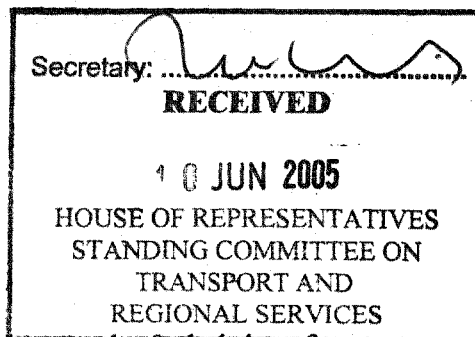


Mr Ian Dundas
Secretary
House of Representatives Standing Committee
on Transport & Regional Services
Parliament House
Canberra ACT 2600



Dear Sir,

Re: Inquiry into interaction of regional rail & road networks & their interface to ports

I wish to bring to the attention of the inquiry the parlous state of the South-East rail network in South Australia and the need for urgent remedial action.

The network was mothballed in 1995. It is broad gauge and extends from Wolseley to Mount Gambier (180 km), Mount Gambier to Millicent (50 km), and from Mount Gambier to the Victorian border (20 km). Another 70 km of unused broad gauge from the border to Heywood joins the standard gauge line to Portland.

In 2002 the Rann government announced that it would contribute \$10 million towards the estimated \$28 million cost of converting the Wolseley to Mount Gambier line to standard gauge and upgrading the track. The remaining \$18 million would be provided by the private sector. That never eventuated.

In a media release dated December 10, 2003, then State transport minister Michael Wright reaffirmed that the government would work with the Victorian and Federal governments and the private sector to get the South-East rail network reopened for business. "The South-East is the only region in South Australia that does not have an operational rail freight service, yet is one of the most productive regions," he said.

Whoever operates the network will be required to convert it from broad to standard gauge. This would enable freight trains to connect with the national standard gauge system at Wolseley, SA, and run eastwards to the SA-Victorian border. The biggest users would be the timber industry and grain growers. A link to Portland would open a major new route for the woodchip industry..

Adelaide-based Australia Southern Railroad won but then backed out of a contract offered by the government to reopen the line under lease for 20 years. An unsuccessful bidder was Gateway Rail Pty Ltd. Mr Frank Lander, a Gateway Rail principal, has written several commissioned reports on the network's potential as a shortline operation.

In a report written in 1995 he points out that the region's main customer group for a freight rail service comprises eight timber and three paper mills that between them produce 700,000 tonnes of product each year.

I am a freelance writer who wrote articles on the subject at that time. One quoted Gateway Rail partner Geoff Smith as saying local councils were very positive about rail being re-established. "Because of the woodchip traffic in particular there is a lot of damage to local roads. On the route to Portland there is a woodchip truck every four minutes. There is big potential for a customer-focussed rail operator to make huge inroads into the amount of freight moved by road."

Mr Smith said he believed the Mount Gambier to Wolseley line could be standardised and brought back into operation with a reasonable amount of re-sleepering. The line has many steel sleepers that are still in good condition and, fortuitously, are punched for broad, standard and narrow gauge. For conversion, one rail is moved and refastened. The Mount Gambier to Heywood line is in poor condition and will need extensive re-sleepering.

I am heartened by signs that pressure for action is growing. In January this year, logging contractors and woodchip haulers backed a plan to build a dedicated logging transport route on the SA-Victorian border in the South-East. The Border Road proposal is for a two-lane sealed roadway straddling the border for about 70km from just north of Penola to the Princes Highway.

That move followed the announcement of a proposed \$400 million pulp mill near Heywood. The pulp mill will create 50 jobs (600 during the construction phase) and produce 350 air-dried tonnes of pulp annually from 750 tonnes of plantation bluegum. All will be transported to Portland.

I reported on the Border Road move in an article I had published in April this year. My notes show I spoke to Limestone Coast Regional Development Board CEO Grant Kling who said: "Enormous growth is happening in this region particularly around forestry products. Our dilemma is which roads are going to be affected and can a rail link provide a solution for that part of that freight."

"Planning is needed to get the best return for investment in infrastructure and we will need a commitment from government at all levels and the private sector to contribute to those projects." King said he believed "there is some hope" the mothballed South-East rail network could become part of the transport mix for the region into the future.

I believe I have made an excellent case for this matter to be brought to the attention of the inquiry.

Sincerely,

John Sattley